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Proposed programme budget for the biennium 2014-2015

Section 13, International Trade Centre

Seventh report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2014-2015

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the proposed programme budget of the International Trade Centre (ITC) for the biennium 2014-2015 (A/68/6 (Sect. 13)/Add.1). During its consideration of the report, the Committee met with the Executive Director of ITC and representatives of the Secretary-General who provided additional information and clarification, concluding with written responses received on 4 November 2013.

2. Pursuant to the arrangements set out in General Assembly resolution 59/276, a simplified budget fascicle was submitted in document A/68/6 (Sect. 13) with a preliminary estimate to accommodate the programme of activities of ITC for the biennium 2014-2015. In its first report on the proposed programme budget for the biennium 2014-2015, the Advisory Committee recommended that, without prejudice to its consideration of the detailed proposed programme budget for ITC for the biennium, the General Assembly take note of the resources proposed in the preliminary budget estimate (A/68/7, chap. II, para. IV.66).

3. Information on the estimated resource requirements and projected income of ITC for the biennium 2014-2015 is provided in table 13.4 of the budget document (A/68/6 (Sect. 13)/Add.1). The budget is to be funded equally by the United Nations, acting through the United Nations Conference on Trade and Development (UNCTAD), and the World Trade Organization (WTO), the two parent organizations of ITC.

4. The overall resources required for the biennium 2014-2015 for section 13 amount to SwF 73,209,300 before recosting (SwF 74,281,700 after preliminary recosting), representing a decrease of SwF 2,177,000, or 2.9 per cent, compared with the resources for the biennium 2012-2013 at revised rates. The proposed resources are partially offset by a projected income for the biennium of

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SwF 400,000, leaving a net amount of SwF 73,881,700 to be shared equally between WTO and the United Nations (A/68/6 (Sect. 13)/Add.1, table 13.4).

5. The regular budget resources for the biennium would be supplemented by extrabudgetary resources amounting to approximately $88,000,000, equivalent to SwF 82,632,000, which represents an increase of approximately 8.7 per cent in United States dollars of the total extrabudgetary expenditure of SwF 76,015,100 projected during 2012-2013 (A/68/6 (Sect. 13)/Add.1, para. 13.38). A total of 20 posts, funded from extrabudgetary sources, are proposed.

Comments and recommendations on posts

6. The Secretary-General proposes an amount of SwF 59,839,900 under post resources for 160 posts (91 Professional and higher categories and 69 General Service and related categories), reflecting a net decrease of SwF 469,100 resulting in the net reduction of two General Service (Other level) posts (A/68/6 (Sect. 13)/Add.1, para. 13.37 (a)).

Abolishments

7. The Secretary-General proposes the abolishment of one post of Administrative Assistant (General Service (Other level)) in the Office of the Executive Director and one post of Administrative Assistant (General Service (Other level)) in the Trade Information Services Section, Division of Market Development. He indicates that the reduction of the General Service (Other level) post in the Division of Market Development will be possible because of efficiencies anticipated as a result of reduced dependence on printed materials in favour of an increasingly digitally based information resource.

8. Upon enquiry, the Advisory Committee was informed that ITC had implemented a client relationship management tool in 2012 in order to improve its work with beneficiary countries, parent organizations, donors and partners. The tool had helped to improve the way ITC collects, stores and shares information, such as project-related documentation, correspondence, contact details and meeting records. The Committee was further informed that the information was stored in an easily accessible central location and that the tool contained new processes and procedures to improve the relationships between ITC and its beneficiary countries, donors and partners. The Committee was also informed that the introduction of the client relationship management system had resulted in the automation of a number of routine functions, which would make it possible for the post of Administrative Assistant (General Service (Other level)) in the Office of the Executive Director to be abolished.

9. **The Advisory Committee has no objection to the post abolishments proposed by the Secretary-General and commends the efforts made to introduce a more efficient information management system in order to achieve savings.**

Redeployments

10. During its consideration of the report of the Secretary-General, the Advisory Committee was informed that the following redeployments were being proposed:

(a) One post of Senior Programme Officer (P-5) from the Office of the Director, Division of Country Programmes, to the Trade Support Institutions

Strengthening Section, Division of Business and Institutional Support, in order to achieve the objectives of: (i) improving synergies between the ITC Women and Trade programme, which is managed by the Trade Support Institutions Strengthening Section, and the work carried out by the Senior Programme Officer; and (ii) anchoring ITC support in the area of mainstreaming the Millennium Development Goals within trade support institutions as key multipliers of ITC work;

(b) One post of Information Systems Officer (P-3), from the Information Technology Systems Section, Division of Programme Support, to the Office of the Deputy Executive Director, to: (i) support the Office of the Deputy Executive Director in an analysis, performance management and advisory capacity; (ii) provide support to enable the completion of the results-based management programme and the implementation of the proposed strategic framework for 2014-2015; and (iii) explore potential new directions linked to resource mobilization, partnerships and large programme development and assist with ITC positioning on the post-2015 agenda;

(c) One post of Corporate Communications Officer (P-4), from the Communications and Events Section, Office of the Executive Director, to the Information Technology Systems Section, Division of Programme Support, in order to expand the reach of ITC work to its beneficiaries using information and communication technologies. The Information Technology Systems Section works in close coordination with ITC senior management to ensure that information systems are designed and implemented to support the overarching strategic goals of ITC.

11. **The Advisory Committee has no objection to the redeployments proposed by the Secretary-General.**

Transfer of funding source

12. The Advisory Committee was also informed that the Secretary-General was proposing the transfer of funding for the post of Chief Strategic Planning Officer (P-5) in the Office of Strategic Planning, Performance and Governance, Office of the Executive Director, from the regular budget to extrabudgetary funding sources since its functions relate largely to programme support activities. According to the information provided, the action would align the functions of the post to its funding source.

13. In addition, the Advisory Committee was informed that the Secretary-General was proposing the transfer of funding for a P-5 post, currently functioning as the Acting Chief of the Office for Arab States, Division of Country Programmes, from extrabudgetary funding to regular budget funding. It was indicated that in addition to functioning as Acting Chief of the Office, the post was responsible for supporting the conceptualization of projects and programmes. It was also explained that transferring it to regular budget funding was being proposed in order to align its function to the source of its funding.

14. **The Advisory Committee has no objection to the proposal of the Secretary-General to transfer the funding of both posts in order to align their functions with their respective sources of funding. However, with regard to the P-5 post currently functioning as Acting Chief of the Office for Arab States, the Committee recommends that the pertinent recruitment, rules and regulations**

be applied as if it were a new post, given that it has not been previously approved under the regular budget (see A/68/7, para. 104).

Vacancy rates

15. During its consideration of the proposals of the Secretary-General, the Advisory Committee was informed, upon enquiry, that 22 regular budget and 3 extrabudgetary posts were vacant as at 17 October 2013. The Committee was further informed that, as at that date, 23 of the vacant posts were under various stages of recruitment and 2 had been proposed for abolishment. The Committee was also informed that 7 of the posts had been vacant for a period of two years or longer but were now under recruitment.

16. Upon further enquiry, the Advisory Committee was informed that the period between the separation of the former Executive Director and the appointment of a successor had lasted a long time and had resulted in recruitment delays for strategically important posts. The Committee was also informed that agreement had been reached with the management of the two parent organizations (United Nations Conference on Trade and Development and World Trade Organization) that decisions pertaining to the posts in the Office of the Executive Director should be made in close collaboration with the incoming Executive Director, which resulted in further delays.

17. In that regard, the Advisory Committee was informed that, since becoming vacant in 2009, the post of Director, Strategic Planning, Performance and Governance (D-1), had been advertised twice, in 2010 and in 2011, but that no suitable candidate had been found. In the interim, the Committee was informed that the functions of the post were being carried out by temporary staff. The Committee was informed that the new Executive Director had made it a priority to fill this and other vacancies at the Centre.

18. **The Advisory Committee expects that all vacant posts will be filled as soon as possible. In addition, the Committee recalls its view that the continuing requirement for posts that have been vacant for two years or longer should be reviewed and that justifications should be provided for their retention in the proposed programme budget. Otherwise, they should be proposed for abolishment** (A/68/7, chap. I, para. 107).

Distribution of staff at the senior management level by gender and nationality

19. Upon request, the Advisory Committee was provided with information on the gender and nationality distribution of ITC staff at the senior management level (P-5 and above). With regard to gender distribution, the Committee notes that, of the 21 staff in that category, 15, or 71 per cent, are male (1 D-1 and 14 P-5) and 6, or 29 per cent, are female (1 ASG, 2 D-1 and 3 P-5). With regard to geographical distribution, the Committee notes that the 21 senior management staff of the Centre represent 17 nationalities, only 1 of which is from a least developed country. **The Advisory Committee takes note of the gender and nationality distribution of ITC staff at the senior management level and encourages the Centre to continue widening the geographical base of its staff.**

Recommendations on non-post resources

20. The overall estimate for non-post resources for 2014-2015 amounts to $13,369,400, which represents a decrease of SwF 1,707,900 (11.3 per cent) compared with the 2012-2013 resources at revised rates. As indicated in the supplementary information, the decrease in non-post resources is mainly attributable to reduced estimates for other staff costs (SwF 937,000); contractual services (SwF 669,500); furniture and equipment (SwF 280,300); and grants and contributions (SwF 311,800). The reductions are offset in part by an increase in the estimates for consultants (SwF 535,200).

Other staff costs

21. According to the supplementary information, the decrease of SwF 937,000 is mainly attributable to proposed reductions under general temporary assistance, reflecting the discontinuation of two temporary positions, Senior Programme Officer (P-4), responsible for benchmarking, and Graphic Designer (P-2); as well as to other reductions under temporary assistance for meetings of the Joint Advisory Group and sick leave replacement, in accordance with the application by the Secretary-General of General Assembly resolution 67/248. It is further indicated that extrabudgetary resources will be sought to fund these requirements.

22. The Advisory Committee recalls that, in his 2012-2013 programme budget proposals, the Secretary-General had requested the conversion of the two temporary positions to established posts. The Committee further recalls that it had recommended against his proposal to convert the position of Senior Programme Officer (P-4) because it considered the functions of the position to be time bound (A/66/7/Add.5, para. 14). The Committee further recalls that the General Assembly had decided that the position of Associate Graphic Designer (P-2) should continue to be funded under general temporary assistance (resolution 66/247, sect. VI, para. 2).

23. Upon enquiry, the Advisory Committee was informed that during the biennium 2012-2013, steps had been taken to build in-house capacities to meet future demands for the services provided by the two positions in order to ensure the sustainability of operations after the expiration of their funding. With regard to the Senior Programme Officer (P-4) position, a widely accessible web-based benchmarking model had been developed for trade support institutions wishing to review or compare their results or undertake an abridged self-assessment. With regard to the Associate Graphic Designer (P-2) position, the Committee was informed that ITC had developed the basic elements for clearer and more consistent visual communications, including a redesigned annual report, website and intranet, as well as templates for various document types to be used for the design of its information materials.

24. **The Advisory Committee has no objection to the discontinuation of temporary positions proposed by the Secretary-General. However, the Committee recalls its earlier comments regarding abolished regular budget functions being funded from extrabudgetary sources (A/68/7, para. 80) and stresses that should temporary assistance for those two functions be required, such assistance should be funded from the regular budget and reported accordingly in the budget performance report.**

Consultants

25. The provision of SwF 1,148,600 for consultants in 2014-2015 reflects an increase of SwF 535,200, compared with the requirements for 2012-2013 at revised rates. It is indicated in the supplementary information that the increase is mainly attributable to the reclassification of the costs of specialized information and communications technology services, which had been budgeted under the contractual services class in the biennium 2012-2013.

26. Upon enquiry, the Advisory Committee was informed that the increase of SwF 535,200 reflected the reclassification of the costs of information technology consultants (SwF 500,500) and other individual consultancy services required for the translation and editing of ITC publications (SwF 75,000), which had previously been budgeted under the contractual services class. As such, the Committee was informed that the increase represented a budgetary reclassification of proposed expenditures from contractual services to consultants, rather than an increase in requirements. The Committee was also informed that the provision of SwF 500,500 required for the engagement of information technology consultants would cover the provision of specialized services, including corporate-related information and communication technology activities, which would allow the Centre to develop and further enhance its corporate systems for programme and project management, systems for electronic document management, business-oriented databases, administrative information and the ITC intranet and Internet websites and applications.

Travel of staff

27. A provision of SwF 678,000 is proposed to cover the cost of travel of staff members in 2014-2015 and reflects no change, compared with the approved requirements for 2012-2013 at revised rates. Upon enquiry, the Advisory Committee was informed that the provision for travel of staff had been held constant since the biennium 2006-2007, with no adjustment for inflation. In addition, the Committee was informed that various efficiency measures had been implemented and had resulted in reduced travel costs, mainly under extrabudgetary projects. The measures included the implementation of a 16-day advance travel purchase policy; the negotiation of corporate airline fares and use of low-cost carriers; voluntary downgrades from business to economy class; the use of remotely tutored courses resulting in savings in travel to beneficiary countries; the implementation of General Assembly resolution 67/254 on official travel; and greater use of videoconference and e-learning systems.

28. **The Advisory Committee takes note of the travel cost reduction measures and expects the impact of the measures to be reflected in reduced future budgetary estimates for staff travel. Furthermore, and in line with its recommendation for all other budget sections, the Committee recommends that the General Assembly approve a reduction of 5 per cent of total travel costs for staff** (A/68/7, para. 123).

Contractual services

29. The provision of SwF 1,978,600 for contractual services in 2014-2015 reflects a decrease of SwF 669,500, compared with the requirements for 2012-2013 at revised rates. As indicated in paragraphs 25 and 26 above, the decrease is mainly

attributable to the reclassification of the costs of specialized information and communications technology services, which were previously budgeted under contractual services in the biennium 2012-2013 and will be classified under consultants in 2014-2015.

30. **The Advisory Committee has no objection to the proposals of the Secretary-General for non-post resources.**

Furniture and equipment

31. In table 13.6 of his report, the Secretary-General proposes to extend the budgeted life cycle for desktop and laptop equipment by 6 months, from 4 to 4.5 years. Upon enquiry, the Advisory Committee was informed that, according to the existing policy, desktop and laptop computers should be replaced before the end of the fourth year because both the warranty and technical support lapsed after four years. The Committee was further informed that the anticipated regular budget savings in acquisition costs, if the replacement cycle of desktop and laptop computers of the Secretariat, excluding special political missions, were to increase to 4.5 years, would amount to $162,000 per year based on an even distribution of the purchase cycle. The Committee recalls that in his earlier report, (A/58/7, para. 113), the Secretary-General had estimated savings of $2.37 million from increasing the replacement cycle for personal computers from 3 to 4 years. **In this regard, the Advisory Committee welcomes the proposed cost-saving measure to extend the replacement cycle for ITC desktop and laptop computers from 4 to 4.5 years and recommends that the General Assembly request the Secretary-General to apply the same measure to the regular budget for the biennium 2014-2015. Furthermore, the Committee recommends that the Secretary-General be requested to provide updated information on the financial implications of this measure to the Assembly at the time of its consideration of the budget proposals of the Secretary-General for the biennium 2014-2015.**

General comments

Independent evaluation of International Trade Centre activities

32. In paragraph 13.21 of his report, the Secretary-General indicates that resources estimated at $2,258,000 ($928,000 under the regular budget and $1,330,000 in extrabudgetary sources) had been identified for conducting an independent evaluation of ITC activities in the biennium 2014-2015. He further indicates that the priorities of the evaluation function for the biennium would review progress made and build on the lessons learned from previous evaluations; implement annual evaluation workplans covering ITC programmes; enhance the integration of lessons learned from evaluations into project design mechanisms; and launch a special effort to diffuse the use of self-evaluation in the Centre through training, improvement of templates and a quality control mechanism.

33. Upon enquiry, the Advisory Committee was informed that the strategic guidance provided by the evaluation would likely have an impact on the work and the organization of ITC and that, while it could not yet be determined, the implementation of its recommendations could have a budgetary impact. The Committee was further informed that the cost of changes introduced as a result of the evaluation for improving the relevance, efficiency, effectiveness, sustainability and impact of ITC activities would be covered by the Centre's extrabudgetary

resources. In addition, the Committee was informed that any impact of the evaluation on its regular budget would be reflected in the proposed programme budget for the biennium 2016-2017.

34. **The Advisory Committee looks forward to receiving information on the outcome of the independent evaluation of ITC activities in future budget submissions.**

Simplified budget procedures

35. The Advisory Committee recalls that in its resolution 59/276, the General Assembly had endorsed the recommendations of the Advisory Committee (A/59/543) with regard to the administrative arrangements for the presentation of the ITC budget. The Committee further recalls that the arrangements included the submission of a simplified fascicle in the spring of the year preceding the forthcoming financial period to the General Assembly and the WTO General Council in order that they might take note of the proposed level of resources. In addition, the issuance of the simplified fascicle would be followed by a fully detailed proposal to be submitted in the fall for decision by both bodies (A/59/543, para. 5). Furthermore, ITC would continue to prepare two budget fascicles containing the same financial and substantive information in different formats, one for WTO and the other for the United Nations.

36. **The Advisory Committee believes that more could be done to harmonize the two budget documents and to further simplify the existing arrangement by which it reviews the ITC budget twice in the year preceding the financial period. The Advisory Committee therefore urges the Secretary-General to intensify his efforts to further simplify the administrative arrangements for the presentation of the ITC budget so as to require only one review by the Committee in the year preceding the financial period.**

Performance measures

37. From the performance measures contained in table 13.8 of the report of the Secretary-General, the Advisory Committee notes a reduction in the target number of institutions reporting improvements in their managerial performance and/or services to small and medium-sized enterprises as a result of ITC assistance. The table indicates that the target number for the biennium 2014-2015 is 120, which represents a reduction compared with the biennium 2012-2013 estimate of 139. Similarly, the target number of enterprises that would be enabled to become export ready in 2014-2015 through ITC training activities is 1,900, which represents a reduction compared with the 2012-2013 estimate of 2,000.

38. Upon enquiry, the Advisory Committee was informed that the proposed performance measures for the biennium 2014-2015 had been designed to reflect both what the Centre seeks to achieve, the outcomes and the activities that would lead to those outcomes. The Committee was further informed that the performance measures had been refined to best fit both the expertise that ITC could offer and the desired results sought by its beneficiary partners and other stakeholders. It was explained that defining the performance measures for each project was a demand-driven process that involved assessing client needs in detail, using ITC needs assessment methodologies, consulting stakeholders, and developing an exhaustive logical framework for each one.

39. **The Advisory Committee notes the reduction in performance targets and recommends that the Centre's performance measures be kept under review.**

40. **Taking into account its recommendations contained in paragraphs 14, 28 and 39 above, the Advisory Committee recommends that the General Assembly approve the proposals under section 13, International Trade Centre, of the proposed programme budget for the biennium 2014-2015.**